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If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

Form **8689**Department of the Treasury
Internal Revenue Service**Allocation of Individual Income Tax
to the Virgin Islands**

► Attach to Form 1040.

OMB No. 1545-1032

2004Attachment
Sequence No. **85**

Name(s) shown on Form 1040

Your social security number

Part I Income From the Virgin Islands

1	Wages, salaries, tips, etc.	1		
2	Taxable interest	2		
3	Ordinary dividends	3		
4	Taxable refunds, credits, or offsets of local Virgin Islands taxes	4		
5	Alimony received	5		
6	Business income or (loss)	6		
7	Capital gain or (loss)	7		
8	Other gains or (losses)	8		
9	IRA distributions (taxable amount)	9		
10	Pensions and annuities (taxable amount)	10		
11	Rental real estate, royalties, partnerships, S corporations, trusts, etc.	11		
12	Farm income or (loss)	12		
13	Unemployment compensation	13		
14	Social security benefits (taxable amount)	14		
15	Other income. List type and amount. ►	15		
16	Add lines 1 through 15. This is your total income ►	16		

Part II Adjusted Gross Income From the Virgin Islands

17	Deduction for clean-fuel vehicles	17		
18	Certain business expenses of reservists, performing artists, and fee-basis government officials	18		
19	IRA deduction	19		
20	Student loan interest deduction	20		
21	Tuition and fees deduction	21		
22	Health savings account deduction	22		
23	Moving expenses	23		
24	One-half of self-employment tax	24		
25	Self-employed health insurance deduction	25		
26	Self-employed SEP, SIMPLE, and qualified plans	26		
27	Penalty on early withdrawal of savings	27		
28	Add lines 17 through 27	28		
29	Subtract line 28 from line 16. This is your adjusted gross income ►	29		

Part III Allocation of Tax to the Virgin Islands

30	Enter amount from Form 1040, line 62	30		
31	Enter the total of the amounts from Form 1040, lines 57, 58, 65, and 67; any uncollected social security and Medicare or tier 1 RRTA tax or tax on golden parachute payments included on line 62; and any amount from Form 5329, Parts III, IV, V, VI, VII, or VIII, included on line 59	31		
32	Subtract line 31 from line 30	32		
33	Enter amount from Form 1040, line 37	33		
34	Divide line 29 above by line 33. Enter the result as a decimal (rounded to at least 3 places). Do not enter more than 1.000	34	×	
35	Multiply line 32 by line 34. This is your tax allocated to the Virgin Islands	35		

Part IV Payments of Income Tax to the Virgin Islands

36	Income tax withheld by the Virgin Islands	36		
37	2004 estimated tax payments and amount applied from 2003 return	37		
38	Amount paid with Form 4868 (extension request)	38		
39	Add lines 36 through 38. These are your total payments ►	39		
40	Enter the smaller of line 35 or line 39. Also, include this amount in the total on Form 1040, line 70. On the dotted line next to line 70, enter "Form 8689" and show this amount	40		
41	Overpayment to the Virgin Islands. If line 39 is more than line 35, subtract line 35 from line 39	41		
42	Amount of line 41 you want refunded to you ►	42		
43	Amount of line 41 you want applied to your 2005 estimated tax ►	43		
44	Amount you owe to the Virgin Islands. Subtract line 39 from line 35. Enter the amount that you are paying here and on Form 1040, line 70. Next to line 70, enter "Form 8689" and the amount paid ►	44		